



STATE OF WASHINGTON

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FOR IMMEDIATE RELEASE

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OLYMPIA, February 19, 2004 --- The U.S. economic outlook continues to brighten. The new forecast expects stronger employment growth as well as GDP growth than assumed in November. The improved national economic outlook is reflected in the state forecast as well. In addition, data revisions indicate that Washington income and employment in the second half of 2003 were slightly higher than believed in November. Revenue collections since November were slightly below the November forecast but the improved economic outlook warrants a small increase to the revenue forecast.

The February 2004 General Fund-State revenue estimate for the 2003-05 biennium is \$22,897.3 million, which is \$76.4 million (0.3 percent) more than expected in November. Revenue collections since November were \$7.8 million below the November forecast but the forecast for the remainder of the biennium is \$84.2 higher due to the improved economic outlook. This forecast is the first to extend through the 2005-07 biennium. The forecast for the next biennium is \$24,953.4 million, an increase of 9.0 percent from the current biennium.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 biennium. The forecast based on more optimistic economic assumptions netted \$533 million (2.3 percent) more revenue than did the baseline while the pessimistic alternative was \$589 million (2.6 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$36 million (0.2 percent) more revenue than did the baseline forecast.

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